

TSANTSABANE MUNICIPALITY

**Financial Statements
for the year ended 30 June 2008**

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

CONTENTS

	PAGE
1. GENERAL INFORMATION	1
2. MAYORS FOREWORD	2
3. TREASURER'S REPORT	3 - 5
4. ACCOUNTING POLICIES	6 - 9
5. BALANCE SHEET	10
6. INCOME STATEMENT	11
7. CASH FLOW STATEMENT	12
8. NOTES TO THE FINANCIAL STATEMENTS	13 - 21

APPENDICES

A STATUTORY FUNDS, TRUST FUNDS , RESERVES AND PROVISIONS	22 - 23
B EXTERNAL LOANS AND INTERNAL ADVANCES	24
C ANALYSIS OF FIXED ASSETS	25
D ANALYSIS OF OPERATING INCOME AND EXPENDITURE	26
E DETAILED INCOME STATEMENT	27
F STATISTICAL INFORMATION	28

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

G.H.Mothibi (Mayor)
M.M. Mogorosi
M.Oliphant
S.Willemsc
M.J. Tonyane
J.J.Plaatjies
G.J.Mooki
G.P.Esau
J.J.Swart
O.M. Mabilo
K.Kasper

GRADING OF LOCAL AUTHORITY

Grade 2

AUDITORS

Auditor General (Northern Cape)

BANKERS

ABSA Bank , P.O.Box 13 ; Postmasburg; 8420

REGISTERED OFFICE

13 Springbok Street
P.O.Box 5
Postmasburg
8420

Telephone : (053) 313 7300
Fax: (053) 313 1602

MUNICIPAL MANAGER

Rev. M.M.Moselane

ACTING FINANCIAL MANAGER


J.J.Barnardo

APPROVAL OF FINANCIAL STATEMENTS

The annual financial statements as set out on pages 3 to 28 were approved by the Municipal Manager and Council on 29 August 2008



M.M. MOSELANE
MUNICIPAL MANAGER



J.J. BARNARDO
ACTING FINANCIAL MANAGER

MAYORS FOREWORD

Local government today faces some serious challenges not only in the political arena, but also in capacity and skills, in governance and effective communication with communities, and in service delivery backlogs.

However, if we mean business, we must ensure that officials are properly qualified to effect their tasks, that performance management systems are put in place, that there is an effective skills development programme, and that governance issues and financial systems are sound.

Batho Pele is all about people. To achieve the goals enshrined in these principles, Tsantsabane needs to focus on delivering streamlined, effective services to the people of Tsantsabane Municipality. People-driven, supportive and attentive to community voices. There are the qualities that Tsantsabane Municipality strive to attain and increasingly embodies as it transforms itself fully into a developmental local government.

Developmental local government is not, however, only about what one does as a local authority, but also how one goes about doing it. It also involves promoting the involvement of citizens and community groups in the design and delivery of municipal programmes. In the past, the role of local government was largely one of regulation. While this remains an important municipal function, it must be augmented with leadership, encouragement, practical support and resources for community action.

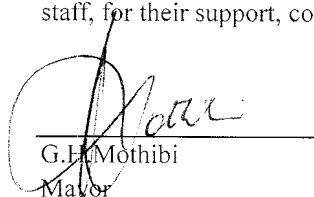
The 2007/2008 financial year was once again a very difficult year due to cashflow and budget constraints. The outstanding debtors remain an issue that needs urgent attention.

There are many institutional challenges that we have identified that will require our attention in the next year to ensure that our service delivery objectives are met. These relate to the high level of outstanding debtors and the need to reduce it, maintaining as close as possible a 100% collection rate, a realistic financial management strategy to address municipal services backlogs and to increase job creation efforts.

With very limited resources, our budget choices had to be responsive to the social and economic conditions facing our communities and yet had to be based on a sound and sustainable fiscal framework. The service delivery and socio-economic development challenges are many, and thus it is critical that in order to address these challenges successfully, we have to spend the budget optimally to maximize the impact.

I am positive that the financial situation as well as service delivery will improve in the 2008/2009 financial year, and that the challenges faced by the Municipality will be overcome.

In conclusion I would like to express my appreciation to the Council, Municipal Manager and all his staff, for their support, co-operation and hard work.



G. H. Mthibi
Mayor

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

TREASURER'S REPORT

1. OPERATING RESULTS

Details of the operating result per department, classification and object of expenditure are included in appendices D and E. The applicable statistics are shown in appendix F. The overall operating results for the year ended 30 June 2008 are as follows :

Income	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Opening surplus/(deficit)	-2,534,630	-5,581,976			
Operating income for the year	35,140,321	51,488,461	46.52%	40,990,246	25.61%
Closing (surplus)/deficit	5,581,976	-4,755,947			
	38,187,667	41,150,539		40,990,246	
Expenditure					
Opening (surplus)/deficit	0	0			
Appropriations for the year	-575,420	8,620,056			
Operating Expenditure	37,612,247	49,770,595	-11.07%	42,295,285	17.67%
	37,036,828	58,390,651		42,295,285	

1.1 RATES AND GENERAL SERVICES

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	20,425,534	27,468,633	-0.43%	20,514,209	33.90%
Expenditure	25,866,002	30,513,246	38.14%	18,724,016	62.96%
Surplus / (Deficit)	-5,440,468	-3,044,613	-403.90%	1,790,193	
Surplus / (Deficit) as % of total income	-26.64%	-11.08%	-405.22%	8.73%	

1.2 HOUSING SERVICES

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	0	0	0.00%	0	0.00%
Expenditure	31,518	3,442,181	10821.32%	200,954	1612.92%
Surplus / (Deficit)	-31,518	-3,442,181	17.13	-200,954	
Surplus / (Deficit) as % of total income	0.00%	0.00%	0.00%	0.00%	

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

1.3 TRADING SERVICES

1.3.1 Water

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	4,323,798	6,405,708	48.15%	4,322,000	48.21%
Expenditure	3,791,586	6,903,962	82.09%	4,980,518	38.62%
Surplus / (Deficit)	532,212	-498,253	-193.62%	-658,518	-24.34%
Surplus / (Deficit) as % of total income	12.31%	-7.78%	-163.19%	-15.24%	-48.95%

1.3.2 Electricity

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	10,390,989	10,680,966	2.79%	11,631,471	-8.17%
Expenditure	7,923,142	8,911,206	12.47%	8,391,053	6.20%
Surplus / (Deficit)	2,467,847	1,769,760	-28.29%	3,240,418	-45.38%
Surplus / (Deficit) as % of total income	23.75%	16.57%	-30.23%	27.86%	-40.52%

2. CAPITAL EXPENDITURE AND FINANCING

The expenditure on fixed assets during the year amounted to R 11,228,050.32.

	2008 Actual R	2008 Budget R	2007 Actual R
Land	0	0	0
Buildings	1,032,238	0	192,761
Infrastructure	9,759,926	15,053,749	7,628,401
Other fixed assets	435,886	2,965,720	3,790,327
TOTAL	11,228,050	18,019,469	11,611,489

A detailed analysis of Capital Expenditure per department and classification is included as Appendix C.

Resources used to finance the fixed assets were as follows :

	2008 Actual R	2008 Budget R	2007 Actual R
Loans	2,490,235	2,858,000	3,341,766
Operating Account	23,727	197,000	85,736
Provisions and Reserves	0	0	6,300
Grants and subsidies	8,714,088	14,964,469	8,177,687
Public Contributions	0	0	0
TOTAL	11,228,050	18,019,469	11,611,489

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

3. EXTERNAL LOANS , INVESTMENTS AND CASH

3.1 External Loans

External loans outstanding on 30 June 2008 amounted to R 6 448 630 (R5 464 709.00 in 2007) as set out in Appendix B. During the year loans totalling R 1 506 315 were repaid.

3.2 Investments

Investments amounted to R4 238 789 on 30 June 2008 (R1 737 265.00 in 2007).

Whilst the Council holds R4 238 789 in cash and investments, R 270 396 of these funds will be required to fund the upgrade of the Show Grounds in Postmasburg (Grant received from the National Lottery). R 1 966 850 of these funds will be used for the upgrading of the bulk water supply as well as the rehabilitation of the Sewerage Network (MIG). R 2 152 672 of these funds will be used for infrastructure at Groenwater and Skeifontein and R207 760 will be used for Library project.

More information regarding investments are disclosed in Note 7 of the Financial Statements. Refer to note 28 on the unspent grants.

3.3 Cash

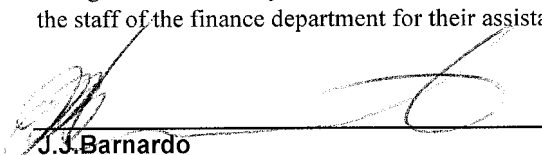
Cash on hand and balances at banking institutions amounted to (R6 414 090) on 30 June 2008, (R3 837 087) in 2007. More information are disclosed in notes 25.

4. FUNDS AND RESERVES

More information regarding funds and reserves are disclosed in Notes 1 - 3 and Appendix A to the financial statements.

EXPRESSION OF APPRECIATION

I am grateful to the Mayor, the Chairman and members of the Financial Committee, Councillors, the Municipal Manager and the staff of the finance department for their assistance and support during the year.



J.J. Barnardo

**Acting Financial Manager
Tsantsabane Municipality
29 August 2008**

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

ACCOUNTING POLICIES

1. BASIS OF PRESENTATION

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Accounting Practice (1997) and Report on Published Annual Financial Statements (Second Edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy - Note 3. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.
- 1.3 The financial statements are prepared on the accrual basis as stated:
- Income is accrued when measurable and available to finance operations. Certain direct income is accrued when received such as traffic fines and certain licenses.
 - Expenditure is accrued in the year it is incurred.

2. CONSOLIDATION

The financial statements include the Rate and General services, Trading services and the different funds and reserves. All inter departmental charges are set-off against each other with the exception of assessment rates, refuse removal, sewerage, electricity and water which are treated as income and expenditure in the respective departments.

3. FIXED ASSETS

- 3.1 Fixed Assets are stated:
- at historical cost; or
 - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the Treasurer.
- 3.2 Depreciation
- The balance shown against the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation, however, certain structural differences do exist. By way of this "Provision" assets are written down over their estimated useful life. Apart from advances from the various council funds, assets may also be acquired through:
- Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income, and therefore it is unnecessary to make any further provision for depreciation.
 - Grant or donation, where the amount representing the value of such grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

3.3 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans and advances. Interest is charged to the service concerned at the ruling rate applicable at the time that the advance is made.

3.4 All net proceeds from the sale of assets are credited to the Revolving Fund.

4. FUNDS AND RESERVES

4.1 Revolving Fund

Ordinance 20 of 1974, section 75(1), as amended determines that a local authority must make a minimum contribution of 7.5.% in terms of the rates income of the previous financial year towards the Revolving Fund.

4.2 Insurance Fund

This fund is maintained to cover insurance claims not paid in terms of Council's insurance policy.

4.3 Dog Tax Fund

Ordinance 19 of 1978, section 4, as amended prescribes that all funds generated with the sale of dog licenses be deposited into the Dog Tax Fund. All expenses towards dogs and related matters including 15% administration fees and 15% collection fees may also be withdrawn from the fund.

4.4 Loan Redemption Fund

The repayment of stocks is provided for by annual contributions to the fund. The redemption of loans paid semi-annually on an annuity basis.

4.5 Capital Reserves

Reserves are provided in order to supply capital for the replacement of assets.

4.6 Maintenance Fund

Reserves are provided in order to pay for major repair work on vehicles, equipment and buildings.

4.7 Lottery Show Grounds

This fund is a grant received from the National Lottery to upgrade the existing Show Grounds in Postmasburg

4.8 MIG Projects

This fund is the MIG (Municipal Infrastructure Grant) received for the upgrading of the bulk water supply as well as the rehabilitation of the sewerage works in Postmasburg.

4.9 Tsantsabane Bursary Fund

This fund is donations received from various institutions and will be used to fund the further studies of members of the community.

4.10 Financial Assistance - Vaal Gamagarra

This fund is grant of R1,500,000.00 received from the Northern Cape Provincial Government to pay the long outstanding creditor - Vaal Gamagarra. The issue of the accumulated interest is currently being discussed in Cabinet and the Council is waiting for a reply.

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

4.11 FMG Grant

This fund is a grant received from National Treasury to improve the Financial Capacity within the Municipality.

4.12 Cemetery

This fund is a contribution of R2,00 per month that the community of Postdene made for the rehabilitation of the cemetery in Postdene.

4.13 MSIG - Project

This fund is a grant received from National Treasury to complete certain projects under the Project Consolidate initiative.

4.14 MSIG - SDF Project

This fund is a grant received from National Treasury to complete certain projects under the Project Consolidate initiative.

4.15 Disaster Relief Water Service

This fund is a grant received from DWAF to provide water in the Groenwater and Skeyfontein communities.

4.16 EPWP Tsantabane Streets

This fund is a grant received from Siyanda District Council to complete certain Expanded Public Works Projects.

4.17 Upgrading Electrical Network Olifantshoek

This fund is a grant received from the Department of Housing and Local Government Northern Cape to upgrade the electrical network of Olifantshoek.

4.18 Library Development Fund

This fund is a grant received from Provincial Government to subsidise the operating costs of Libraries.

5 SURPLUSES AND DEFICITS

Any surpluses or deficits arising from the operation of the Electricity and Water Services are transferred to Rate and General services.

6 TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The cost of internal support services are transferred to the different services in accordance with the Institute Report on Accounting for Support Services (June 1990).

7 RETIREMENT BENEFITS

Tsantsabane Municipality and its employees contribute to the following funds :

Joint Municipal Fund (Cape)

SAMWU Provident Fund

IMATU Provident Fund

which provides retirement benefits to such employees.

The retirement benefit plan is subjected to the Pension Fund Act, 1956, with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service costs.

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

8 INVESTMENTS

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred.

9 INVENTORY

Inventory is valued at the lower of cost ,determined on the weighted-average basis, and net realisable value.

10 INCOME RECOGNITION

10.1 Electricity and Water Billings

Meters on all properties are read and billed monthly. Prepaid electricity is also sold.

10.2 Assessment Rates

Assessment Rates are raised according to the valuation of buildings and stands. A rebate is given to land owners under certain conditions. Lands zoned for agricultural purposes qualifies, as well as pensioners under certain conditions

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

BALANCE SHEET AS AT 30 JUNE 2008

	<u>Note</u>	<u>2008</u> <u>Rand</u>	<u>2007</u> <u>Rand</u>
<u>CAPITAL EMPLOYED</u>			
FUNDS AND RESERVES		7,388,847	8,260,385
Statutory funds	1	7,388,847	8,260,385
Reserves	2	-	-
(ACCUMULATED DEFICIT) / RETAINED INCOME	18	4,755,946	-5,581,977
		12,144,793	2,678,408
TRUST FUNDS	3	1,526,662	7,399,406
LONG-TERM LIABILITIES	4	3,951,695	4,136,763
CONSUMER DEPOSITS	5	415,919	405,556
TOTAL		18,039,069	14,620,133
<u>EMPLOYMENT OF CAPITAL</u>			
FIXED ASSETS	6	6,448,591	2,469,572
INVESTMENTS	7	-	-
LONG-TERM DEBTORS	8	-	-
INTERNAL ADVANCE	9	-	-
NET CURRENT ASSETS / LIABILITIES		11,590,478	12,150,561
CURRENT ASSETS		25,597,029	34,456,367
Inventory	10	723,053	556,186
Consumer Debtors	11	20,419,008	29,970,618
Other Debtors	11	215,944	2,177,132
Cash		235	15,166
Short-Term Investments	7	4,238,789	1,737,265
Short-Term Portion of Long-Term Debtors	8	-	-
CURRENT LIABILITIES		14,006,551	22,305,806
Provisions	12	1,001,356	1,392,602
Creditors	13	4,411,375	15,748,169
Short-term Portion of Long-Term Liabilities	4	2,496,935	1,327,948
Bank Overdraft		6,096,885	3,837,087
		18,039,069	14,620,133

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

INCOME STATEMENT FOR THE YEAR ENDED JUNE 30, 2008

2007				2008			
Actual	Actual	Surplus/		Actual	Actual	Surplus/	Budget
Income	Expenditure	(Deficit)		Income	Expenditure	(Deficit)	Surplus/(Deficit)
20,425,534	25,866,003	-5,440,469	RATES AND GENERAL SERVICES	27,468,633	30,513,246	-3,044,613	-4,309,401
13,360,201	17,626,935	-4,266,734	Community Services	17,351,831	20,467,535	-3,115,704	-4,085,607
476,143	494,738	-18,595	Subsidised services	554,400	569,397	-14,997	29,848
6,589,190	7,744,330	-1,155,140	Economic Services	9,562,402	9,476,314	86,088	-253,642
0	31,518	-31,518	HOUSING SERVICES	6,933,154	3,442,181	3,490,973	-34,559
14,714,788	11,714,726	3,000,062	TRADING SERVICES	17,086,674	15,815,168	1,271,506	4,343,960
35,140,322	37,612,247	-2,471,925	TOTAL	51,488,461	49,770,595	1,717,867	0
		-575,420	Appropriation for the year			8,620,056	
		-3,047,345	Net Surplus for the year			10,337,923	
		-2,534,630	Accumulated deficit beginning of the year			-5,581,975	
		-5,581,975	Accumulated surplus end of the year			4,755,947	

Refer to appendices D and E for more detail

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

CASHFLOW STATEMENT FOR THE YEAR ENDED JUNE 30 , 2008

	NOTE	2008 Rand	2007 Rand
CASH RETAINED FROM OPERATING ACTIVITIES		3,767,702	8,142,582
Cash generated by operations	19	17,217,189	4,279,358
Investment income		204,139	168,645
(Increase) / decrease in working capital	20	-13,079,383	4,203,963
		4,341,945	8,651,966
Less : External interest paid		-574,243	-509,384
Cash available from operations		3,767,702	8,142,582
Cash contributions from the public and state		-	-
Net proceeds on disposal of fixed assets		-	-
CASH UTILISED IN INVESTING ACTIVITIES			
Investment in Fixed Assets		-11,228,050	-11,611,490
(Increase) / Decrease in long term debtors		-	-
NET CASH FLOW		-7,460,349	-3,468,908
CASH EFFECTS OF FINANCING ACTIVITIES			
Increase / (decrease) in long term loans	21	983,920	1,915,090
(Increase) / decrease in cash investments	22	4,201,465	2,383,733
(Increase) / decrease in cash	23	2,274,964	-1,199,102
NET CASH (GENERATED) / UTILISED		7,460,349	3,099,721

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
1. STATUTORY FUNDS		
Revolving Fund	7,301,219	7,637,071
Insurance Fund	-	535,687
Dog Tax	87,628	87,628
Community Facilities Fund	-	-
	<u>7,388,847</u>	<u>8,260,386</u>
(Refer to Appendix A for more details)		
2. RESERVES		
Town Hall Reserve	-	-
Infrastructure Reserve	-	-
Sport Facilities Reserve	-	-
Leave Reserve	-	-
Loss of Rental Reserve	-	-
Maintenance Reserve	-	-
	<u>-</u>	<u>-</u>
(Refer to Appendix A for more details)		
3. TRUST FUNDS		
Structure Planning	12,707	12,707
Sewerages & Stormwater	162,580	162,580
S/B Job Creation	12,491	12,491
Squatters	2,853	2,853
Community Facilities	60,670	60,670
Development No 1	-	22,743
Library	-	11,553
Boichoko 50%	-	336
Newtown 50%	-	265
Maintenance and Repairs	-	26,402
Upgrading electrical network	50,021	50,021
District Council Refuse and taxi	18,031	18,031
Joint Fund	88,680	88,680
Lottery Show Grounds	-	684,556
Financial Assistance - Vaal Gamagarra	-	1,520,519
Financial Assistance	-	129,037
FMG Grant	-	400,777
Cemetery	-	56,798
Valuations	-	83,379
Development Funds	-	29,000
Retained Funds	-	318,963
Maintenance Electricity	-	91,178
Equipment	-	40,353
Survey Newtown	4,312	4,312
Creche Building	10,651	10,651
Assmang	-	15,247
Parking Area	-	89,004
MIG Project	-	740,115
NER 22 Homes Olifantshoek	19,775	19,775
Upgrading Electrical Network - Olifantshoek	-	2,224
MSIG Project	-	673,508
MSIG - SDF Project	-	590,844
EPWP Tsantsabane Streets	-	441,380
Library Development Fund	-	44,673
Library Development Fund	-	3,966
PMG Mining	-	6,985
Vehicles Siyanda	-	4,672
Toilet project 2005/2006	-	368,084
Assmang Sewer network	1,083,891	449,276
Housing Project Groenwater	-	5,985
5 Houses Newtown	-	9,172
Housing Project 2006/2007	-	95,644
	<u>1,526,662</u>	<u>7,399,409</u>

(Refer to Appendix A for more details)

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
4. LONG TERM LIABILITIES		
Development Bank of SA	1,219,287	2,259,504
Vehicle Loans - Wesbank	88,468	207,096
Development Bank of SA - TIP Loans	5,140,875	2,998,111
Less : Current portion transferred to current liabilities	-2,496,935	-1,327,947
: Development Bank of SA	-2,408,468	-1,209,320
: Vehicle Loans - Siyanda	-88,467	-118,627
: Long-Term Loan (ABSA)	-	-
	<u>3,951,695</u>	<u>4,136,764</u>

Refer to Appendix B for more detail on long-term liabilities

R2,242,620 (2007 : R2,242,620) has been set aside for the repayment of loans. See 2007/08 Budget.

DEVELOPMENT BANK OF SA

New DBSA Loans Carry interest at a rate of 5% repayable over 5 years

Carry interest at a rate of 15.79% and are repayable over a period of 5 years.

All existing loans consolidated on 1 July 2004 and will be fully redeemed in 2009.

VEHICLE LOANS SIYANDA

Carry interest at rates varying between 12.689% and 12.916% and are repayable over a period of 5 years.

5. CONSUMER DEPOSITS

Water and Electricity	415,919	405,556
	<u>415,919</u>	<u>405,556</u>

All consumers (excluding bulk electricity users - Deposit discretion of Municipal Manager) are required to pay a deposit of R1,200.88 consisting of R770.88 for electricity and R430.00 for water. Deposits are considered a long-term liability as the deposit is only refunded once the service is terminated. Interest is not paid on deposits.

6. FIXED ASSETS

Fixed Assets at the beginning of the year	64,118,141	67,320,938
Capital expenditure during the year	11,228,050	11,611,490
Adjustment (previous year)	3,852	
Less : Assets written off,transferred or disposed of during the year	-	-14,814,287
Total Fixed Assets	<u>75,350,043</u>	<u>64,118,141</u>
Less : Loans redeemed and other capital receipts	-68,901,452	-61,652,419
Net fixed Assets	<u>6,448,591</u>	<u>2,465,722</u>

(Refer to Appendix C and Section 2 of the Treasurer's Report for more details on fixed assets)

7. INVESTMENTS

Unlisted

Fixed Deposits	-	-
Call Deposits	-	-
Short Term Deposits	4,238,789	1,737,265
Less : Short term investment transferred to Current Assets	-4,238,789	-1,737,265
	<u>-</u>	<u>-</u>
Market value of listed investments	-	-
Management's valuation of unlisted investments	4,238,789	1,737,265
Average rate of return on investments	4.82%	2.07%

Investments were made according to the stipulations of the Second Amendment on the Local Government Transition Act, Act 97 of 1996, Section 9

No investments have been written off during the year.

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30, 2008

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
8. LONG TERM DEBTORS		
Car loans	-	-
Less : Short term portion transferred to Current Assets	-	-
	<u>-</u>	<u>-</u>
<p>These loans are used to acquire motor vehicles by qualifying senior staff members. These loans attract interest at a rate of 8% per annum and are repayable over 3½ years. These loans were repaid in full by March 2006.</p>		
9. INTERNAL ADVANCE		
Internal Loans	-	266,380
Internal advances	-	266,380
	<u>-</u>	<u>-</u>
(Refer to Appendix B for more details)		
10. INVENTORY		
Inventory represents petrol & diesel and consumable stores	723,053	556,186
	<u>723,053</u>	<u>556,186</u>
<p>The following inventory has been written of during the year:</p>		
Petrol	0.00	
Diesel	0.00	
11. DEBTORS		
Consumer Debtors	36,102,783	32,677,710
Ditloung	-	-
Housing	-	-
Revolving Fund	-	61,098
Sundry Debtors	215,944	2,116,034
Less : Provision for bad debt	-15,683,774	-2,707,092
	<u>20,634,952</u>	<u>32,147,750</u>
<p>Days outstanding in debtors amount to days.</p>		
<u>Consumer Debtors : Ageing</u>		
Current (0-30 days)	5,499,859	4,896,413
31 - 60 Days	817,333	741,141
61 - 90 Days	693,328	687,254
91 - 120 Days	753,551	665,451
120 + Days	28,338,712	25,687,452
Total	<u>36,102,783</u>	<u>32,677,711</u>
<p>An amount of R nil was written off as irrecoverable for the 2007/2008 financial year</p>		
	<u>-</u>	<u>4,671</u>
12. PROVISIONS		
Maintenance Machines	-	270,124
Housing	251,356	734,159
Provision Leave	750,000	388,319
	<u>1,001,356</u>	<u>1,392,602</u>
13. CREDITORS		
Vehicle Registrations	1,960,739	-
Trade Creditors	208,946	3,991,057
Vat Payable	1,653,379	9,840,333
Retention	-	-
Deposits	2,890	2,890
Suspension	21,222	72,856
Sundry	564,194	1,841,033
	<u>4,411,371</u>	<u>15,748,169</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	2008 R	2007 R
14. ASSESMENT RATES		
Valuation		
Residential	147,158,584	147,158,584
Commercial	36,153,510	36,153,510
State	29,946,941	29,946,941
Municipal	12,758,110	12,758,110
	<u>226,017,145</u>	<u>226,017,145</u>
Actual Income		
Residential	1,950,631	1,836,463
Commercial	803,037	756,037
State	423,055	398,294
Municipal	1,958	1,843
	<u>3,178,681</u>	<u>2,992,637</u>

Valuations are performed every five years and the last valuation came into effect on 1 July 2005

The basic rates were as follows

	Site	Improvements
Residential	0.0201	0.0201
Commercial	0.0226	0.0226

Rebates on property rates

Government Departments	30%	30%
Pensioners	40%	40%
Indigent households	40%	40%
Residents of Gatkoppjes	20%	20%

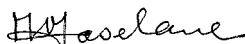
15. COUNCILLORS REMUNERATION

Mayor's Allowance	393,053	288,871
Councillors Allowances	1,193,220	888,010
Travelling Allowance	464,896	362,893
Contribution to pension	153,909	176,532
Telephone allowance	111,770	91,884
	<u>2,316,848</u>	<u>1,808,190</u>

In-kind Benefits

The Executive Mayor is full-time. She is provided with an office and secretarial support at the cost of Council. The Mayor has use a Council vehicle for official duties.

Allowances and benefits paid to political office bearers are within the upper limits of the framework envisaged in section 219 of the Constitution. I Rev. M.M. Moselane hereby confirm that the Mayor and Councillors are remunerated as per Government Gazette.



 REV. M.M. MOSELANE

16. AUDITORS REMUNERATION

Audit Fees	585,551	510,225
	<u>585,551</u>	<u>510,225</u>

17. FINANCE TRANSACTIONS

Total external interest earned and paid		
- Interest Earned	184,139	186,520
- Interest Paid	574,243	509,384
Capital charges debited to operating account		
Interest :	590,559	532,024
- Internal	16,316	22,640
- External	574,243	509,384
Redemption :	1,772,696	1,147,425
- Internal	266,381	100,207
- External	1,506,315	1,047,218
	<u>2,363,255</u>	<u>1,679,449</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
18. APPROPRIATIONS		
Accumulated surplus / (deficit) at the beginning of the year	-5,581,976	-2,534,630
Operating surplus / (deficit) for the year	1,717,867	-2,471,926
Appropriations for the year :	8,620,056	-575,420
Prior year adjustment	8,620,056	-575,420
Contribution to Revolving Fund	-	-
Services - Adjustments	-	-
Adjustments - Expenditure	-	-
External Loans - write of interest	-	-
Correction of History	-	-
Provisions - Sundry	-	-
Audit Adjustment	-	-
Vat Adjustment	-	-
Special contributions to provisions	-	-
Accumulated surplus / (deficit) at the end of the year	<u>4,755,947</u>	<u>-5,581,976</u>
Operating Account		
Capital Expenditure	-	-
Contributions to :		
Rentless Reserve	-	-
Development Cost	-	-
Capital Development Fund / Revolving Fund	233,039	233,039
Rental - Loss Reserve Fund	-	-
Insurance	-	-
Renewal Fund	-	-
Removal Reserve	-	-
Maintenance Reserve (Housing)	-	-
Maintenance Reserve (Electricity)	-	25,000
Maintenance Reserve (Water)	-	-
Audit Fees	-	-
Leave Provision	75,000	127,000
Redemption Fund	-	-
Bad debts provision	1,867,813	1,341,147
	<u>2,175,852</u>	<u>1,726,186</u>
19. CASH GENERATED BY OPERATIONS		
Surplus / (Deficit) for the year	1,717,867	-2,471,926
Adjustments in respect of :		
- Previous year	8,620,056	-575,420
- Current Year	-	-
- Transfer reserves to Housing Operating Account	-	-
	<u>10,337,923</u>	<u>-3,047,346</u>
Appropriations charged against income:	2,187,352	1,726,186
- Renewal Fund	-	-
- Trust Fund	-	15,000
- Loan redemption Fund	-	-
- Audit Fees Provision	-	-
- Leave Provision	75,000	127,000
- Redemption Fund	-	-
- Insurance	-	-
- Revolving Fund	233,039	233,039
- Capital Reserve Fund	-	-
- Provisions and Reserves	1,867,813	1,351,147
- Other	10,000	-
- Fixed Assets	1,500	-
Capital Charges :	590,559	532,024
Interest paid :		
- Internal Funds	16,316	22,640
- External Funds	574,243	509,384
Redemption :	1,612,846	1,147,425
- External Loans	1,506,312	1,047,218
- Internal Loans	106,534	100,207
	<u>2,488,509</u>	<u>14,223,847</u>
Interest (Received)	-	-
Interest Paid	-	-
Non - operating income	2,488,509	14,223,847
Deferred Charges written off	-	-
Non - operating expenditure charged against	-	-10,302,779
- Funds	-	-10,302,779
- Other	-	-
- Provisions and Reserves	-	-
- Provisions	-	-
	<u>17,217,189</u>	<u>4,279,357</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
20. (INCREASE) / DECREASE IN WORKING CAPITAL		
(Increase) / decrease in stock	-166,867	181,282
(Increase) / decrease in debtors , long term debtors	-1,586,081	10,082,286
Increase / (decrease) in creditors , consumer deposits , provisions	-11,326,435	-6,059,605
	<u>-13,079,383</u>	<u>4,203,963</u>
21. INCREASE / (DECREASE) IN LONG TERM LOANS EXTERNAL		
Loans Raised	2,490,235	2,966,192
Loans repaid/written off	(1,506,315)	(1,051,102)
	<u>983,920</u>	<u>1,915,090</u>
22. (INCREASE) / DECREASE IN CASH INVESTMENTS		
Investments realised	46,121,510	40,534,180
Investments made	41,920,045	38,150,447
	<u>4,201,465</u>	<u>2,383,733</u>
23. (INCREASE) / DECREASE IN CASH ON HAND		
Cash balance at the beginning of the year	(3,821,921)	(5,021,023)
Less : Cash balance at the end of the year	(6,096,885)	(3,821,921)
	<u>2,274,964</u>	<u>(1,199,102)</u>
24. ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT		
EMPLOYEE RELATED COST		
Employee related costs - Salaries and Wages	12,662,837	10,578,934
Employee related costs - UIF, Pension and medical aid	2,742,706	2,416,873
Travel, motor car and other allowances	1,130,591	884,097
Housing benefits	65,880	45,667
Overtime	1,050,502	1,007,514
	<u>17,652,515</u>	<u>14,933,084</u>
Remuneration of Municipal Manager		
Annual Remuneration	484,597	
Performance Bonus		
	<u>484,597</u>	
Remuneration of Acting Chief Financial Officer		
Annual Remuneration	377,812	185,550
Performance Bonus	-	
	<u>377,812</u>	<u>185,550</u>
Remuneration of Manager HR		
Annual Remuneration	236,029	266,335
Performance Bonus	-	
	<u>236,029</u>	<u>266,335</u>
Remuneration of Technical Services Manager		
Annual Remuneration	249,226	252,887
Performance Bonus	-	
	<u>249,226</u>	<u>252,887</u>
Remuneration of the Manager Administration		
Annual Remuneration	222,311	251,774
Performance Bonus	-	
	<u>222,311</u>	<u>251,774</u>
PAYE and UIF		
Opening Balance	-	-
Current year payroll deductions	1 560 829	1 340 315
Amount paid - current year	(1 560 829)	(1 340 315)
Balance	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
Pension and Medical Aid Deductions		
Opening Balance	-	-
Current year payroll deductions and council contributions	2 323 410	2 915 249
Amount paid - current year	<u>(2 323 410)</u>	<u>(2 915 249)</u>
Balance	<u>-</u>	<u>-</u>

VAT

Inset BTW (Krediteure)	20,437.56	8,209,842
Inset BTW (Voertuie)	16,176.37	364,746
Inset BTW (Kapitaal)	-	80,309
BTW Oorbetalings	2,224,939.56	-1,491,993
BTW Inkomste (Heffings)	-3,682,167.13	-4,706,970
BTW Betalings	<u>-232,765.20</u>	<u>-12,569,048</u>

Councillor's arrears consumers accounts

The following Councillors are in arrears with Council:

Clr. Willemse	4,298	-
Clr. Oliphant	495	-
Clr. Plaatjies	<u>4,631</u>	<u>-</u>
	<u>9,425</u>	<u>-</u>

25. BANK, CASH AND OVERDRAFT BALANCES

The bank account details of the municipality is as follows:

Current account (Primary bank account)

Cash book balance at beginnig of the year (Overdrawn)	<u>(3 837 087)</u>	<u>(5 036 539)</u>
Cash book balance at end of the year (Overdrawn)	<u>(6 096 885)</u>	<u>(3 837 087)</u>
Bank statement balance beginning of the year (Overdrawn)	<u>(746 090)</u>	<u>(641 230)</u>
Bank statement balance end of the year (Overdrawn)	<u>(2 706 521)</u>	<u>(746 090)</u>

Bank Detail

Current account: (Primary Bank Account)
Banker: ABSA Postmasburg
Account No.: 213 0000 021

INVESTMENTS

26. Investments pledged

The following investments were pledged as collateral for the bank overdraft :

20 4640 6189 Collateral Investment: ABSA		2 000
20 5952 4576 Collateral Investment: ABSA	513 182	468 326
20 6256 9642 Collateral Investment: ABSA	281 404	256 054
40 8431 6585 Collateral Investment: ABSA	<u>549 338</u>	<u>506 449</u>
Security for overdraft.	<u>1 343 925</u>	<u>1 232 829</u>
21 3914 1078 ABSA	906	1 063
90 5771 1609 ABSA	11,915	11 553
91 1896 0103 ABSA	32,906	40 733
91 2743 1238 ABSA	5,230	13 044
91 4243 0487 ABSA	2,260,841	7 055
91 4992 3609 ABSA	5,745	63 334
91 4992 3764 ABSA	9,796	9 512
91 5766 2037 ABSA	207,760	45,633.00
91 9325 6761 ABSA	102,942	0.00
91 9997 6220 ABSA	256,822	0.00
	<u>2,894,864</u>	<u>191,927</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	<u>2008</u> <u>R</u>	<u>2007</u> <u>R</u>
27. CAPITAL COMMITMENTS		
Commitments in respect of capital expenditure Approved and contracted for		
Infrastructure	270,396	
Housing	2,152,672	
	<u>2,423,068</u>	
 This expenditure will be financed from:		
Grant funding	270,396	
Dep. Behuising	2,152,672	
	<u>2,423,068</u>	
 28. UNSPENT CONDITIONAL GRANT AND RECEIPTS		
Conditional Grant from other spheers of Government		
Biblioteek	207,760	-
Sport grant	77,634	-
MIG Grant	1,966,850	-
Lotto funds	270,396	-
Dep. Behuising	2,152,672	-
	<u>4,675,312</u>	-
 29. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	9,583,965	-
Provincial Health subsidy	554,400	-
MIG Grant	4,611,991	-
Sport grant	100,000	-
Biblioteek grant	343,000	-
MSIG	1,000,000	-
FMG	500,000	-
	<u>16,693,356</u>	<u>-</u>
 Equitable share	<u>9,583,965</u>	<u>9,174,024</u>
 In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of R165.73 (2006/07 : R156.40), which is funded from this grant.		
 Provincial Health Subsidies		
Current year receipts	<u>554,400</u>	<u>461,800</u>
 The Municipality renders health services on behalf of the Provincial Government. This grant has been used exclusively to fund clinic services.		
 MIG Grant		
Current year receipts	<u>4,611,991</u>	<u>-</u>
 This grant was used for bucket eradication and bulk water supply.		
 MSIG		
Current year receipts	<u>1,000,000</u>	<u>-</u>
 FMG		
Current year receipts	<u>500,000</u>	<u>500,000</u>

NOTES TO THE FINANCIAL STATEMENTS AT JUNE 30 ,2008 (continued)

	<u>2008</u>	<u>2007</u>	
	<u>R</u>	<u>R</u>	
30. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTFUL EXPENDITURE			
Department	Budget	Actual	Difference
	R	R	R
Library	989,669	1,147,605	157,936
Mun. Eiendom	1,121,766	1,248,789	127,023
Parke & Sport	2,142,738	2,292,916	150,178
Openbare Gesondh.	0	563,400	563,400
Openbare Werke	2,394,483	2,761,446	366,963
Riolering	4,468,955	4,755,345	286,390
Sanitasie	567,141	571,025	3,884
Sekuriteit	282,728	298,736	16,008
Administrasie	483,796	535,870	52,074
Munisipale Best.	1,199,712	1,199,825	113
Fin. Best.	4,591,080	4,725,532	134,452
Suiwerings werke	1,311,889	1,369,592	57,703
Verkeer	1,644,696	1,792,594	147,898
Reinigingsdienste	2,736,404	2,780,353	43,949
Werkswinkel	944,081	1,007,567	63,486
Elek. Dienste	8,391,053	8,911,207	520,154
Water dienste	4,980,518	6,903,962	1,923,444
Dep. Beh.	200,954	3,442,181	3,241,227
	<u>38,451,663</u>	<u>46,307,945</u>	<u>7,856,282</u>

The overspending of budget was unauthorised and council approve the overspending of the budget. No criminal or disciplinary steps have been taken against any official.

31 BULK PURCHASES

Electricity	6,114,182	5,353,880
Water	1,067,349	242,513
Total Bulk Purchases	<u>7,181,531</u>	<u>5,596,393</u>

32 CONTINGENT LIABILITY

The Municipality is being sued by temporary workers. They was working for years as temporary workers and not appointed as permanent workers.

33 EVENTS AFTER THE REPORTING DATE

The Receiver of Revenue paid a claim of R1,935,957 after a VAT investigation by Itile Consultancy (Pty) Ltd

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

APPENDIX A

ACCUMULATED FUNDS, TRUSTS, RESERVES AND PROVISIONS

	Balance at 30 June 2007	Contributions during the year	Interest on Investments	Other Income	Expenditure during the year	Balance at 30 June 2008
STATUTORY FUNDS	8,260,386	233,039	0	0	1,104,578	7,388,847
Revolving Fund	7,637,071	233,039	0	0	568,891	7,301,219
Insurance Fund	535,687	0	0	0	535,687	0
Dog Tax	87,628	0	0	0	0	87,628
Community Facilities Fund	0	0	0	0	0	0
RESERVES	0	0	0	0	0	0
Town Hall Reserve	0	0	0	0	0	0
Infrastructure Reserve	0	0	0	0	0	0
Sport Facilities Reserve	0	0	0	0	0	0
Leave Reserve	0	0	0	0	0	0
Loss of Rental Reserve	0	0	0	0	0	0
Maintenance Reserve	0	0	0	0	0	0
TRUST FUNDS	7,399,417	634,615	0	0	6,507,362	1,526,670
Structure Planning	12,707	0	0	0	0	12,707
Survey Boichoko	0	0	0	0	0	0
Sewerages & Stormwater	162,580	0	0	0	0	162,580
S/B Job Creation	12,491	0	0	0	0	12,491
Squatters	2,853	0	0	0	0	2,853
Community Facilities	60,670	0	0	0	0	60,670
Development No 1	22,743	0	0	0	22,743	0
Library	11,553	0	0	0	11,553	0
Boichoko 50%	336	0	0	0	336	0
Newtown 50%	265	0	0	0	265	0
Maintenance and Repairs	26,402	0	0	0	26,402	0
IDP Fund	0	0	0	0	0	0
Upgrading electrical network	50,021	0	0	0	0	50,021
District Council Refuse and taxi	1,800	0	0	0	0	1,800
Electrical Panels - Sewerage Pump	16,231	0	0	0	0	16,231
Taxi Rank	0	0	0	0	0	0
SDR Donation	0	0	0	0	0	0
Capital Project - Cemetery	0	0	0	0	0	0
Chalets	0	0	0	0	0	0
Employment Fund	0	0	0	0	0	0
Bridge Fund	9	0	0	0	0	9
Employment Swimming Pool Fund	0	0	0	0	0	0
Civil Defense	0	0	0	0	0	0
30 Houses	0	0	0	0	0	0
Structure Planning	0	0	0	0	0	0
Joint Fund	88,680	0	0	0	0	88,680
HOP	0	0	0	0	0	0
Transitional Fund	0	0	0	0	0	0
Lottery Show Grounds	684,556	0	0	0	684,556	0
Financial Assistance - Vaal Gamagarra	1,520,519	0	0	0	1,520,519	-0
Financial Assistance	129,037	0	0	0	129,037	0
Tsantsabane Bursary Fund	0	0	0	0	0	0
FMG Grant	400,777	0	0	0	400,777	0
Cemetery	56,798	0	0	0	56,798	0
Valuations	83,379	0	0	0	83,379	0
Development Funds	29,000	0	0	0	29,000	0
Retained Funds	318,963	0	0	0	318,963	0
Maintenance Electricity	91,178	0	0	0	91,178	0
Equipment	40,353	0	0	0	40,353	0
Survey Newtown	4,312	0	0	0	0	4,312
Creche Building	10,651	0	0	0	0	10,651
Assmang	15,247	0	0	0	15,247	0
Parking Area	89,004	0	0	0	89,004	0
MIG Project	740,115	0	0	0	740,115	0
NER 22 Homes Olifantshoek	19,775	0	0	0	0	19,775
Upgrading Electrical Network - Olifantshoek	2,224	0	0	0	2,224	0
MSIG Project	673,508	0	0	0	673,508	0
MSIG - SDF Project	590,844	0	0	0	590,844	0
Disaster Relief Water Service	0	0	0	0	0	0
EPWP Tsantsabane Streets	441,380	0	0	0	441,380	0
Library Development Fund	44,673	0	0	0	44,673	0
Library Development Fund	3,966	0	0	0	3,966	0
PMG Mining	6,985	0	0	0	6,985	0
Vehicles Siyanda	4,672	0	0	0	4,672	0
Toilet project 2005/2006	368,084	0	0	0	368,084	0
Assmang Sewer network	449,276	634,615	0	0	0	1,083,891
Housing Project Groenwater	5,985	0	0	0	5,985	0
5 Houses Newtown	9,172	0	0	0	9,172	0
Housing Project 2006/2007	95,644	0	0	0	95,644	0

APPENDIX A

ACCUMULATED FUNDS, TRUSTS, RESERVES AND PROVISIONS (Continued)

	Balance at 30 June 2007	Contributions during the year	Interest on Investments	Other Income	Expenditure during the year	Balance at 30 June 2008
HOUSING	734,159	0	0	0	169,965	564,194
Development	2,611	0	0	0	0	2,611
Loss of Rental	169,965	0	0	0	169,965	0
Maintenance Buildings	549,362	0	0	0	0	549,362
Housing Selling Scheme 399	0	0	0	0	0	0
Housing Selling Scheme 234	0	0	0	0	0	0
Housing Selling Scheme 4 Xhosis	0	0	0	0	0	0
Self-help Scheme	0	0	0	0	0	0
31 Brown Homes Newtown	0	0	0	0	0	0
30 White Homes Newtown	0	0	0	0	0	0
Houses Sold Boichoko	12,221	0	0	0	0	12,221
PROVISIONS	3,365,535	13,338,363	0	0	270,124	16,433,774
Audit Fees	0	0	0	0	0	0
Provision Leave	388,319	361,681	0	0	0	750,000
Bad Debts	2,707,092	12,976,682	0	0	0	15,683,774
Main Machines	270,124	0	0	0	270,124	0

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

EXTERNAL LOANS	Institution	Interest Rate	Loan Number	Redeemable	Original Loan	Balance at 30-Jun-07	Received Transfers / Corrections	Redemption	Accumulated Interest	Balance at 30-Jun-08
LONG-TERM LOAN						-	-	-	-	-
						-	-	-	-	-
	DEVELOPMENT BANK OF SA									
	Sewerage	16.84%	12577	Jul 2009	506,875	317,780	-	-	-	-
	Purification works	16.84%	12578	Jul 2009	536,000	351,919	-	146,491	-	171,289
	Tar roads	16.24%	12580	Jul 2009	100,000	20,036	-	162,229	-	189,690
	Sewerage	16.38%	12581	Jul 2009	298,500	117,893	-	9,236	-	10,800
	Tar Stander street	16.99%	12582	Jul 2009	100,000	26,507	-	54,347	-	63,546
	Sewerage	15.22%	12583	Jul 2009	498,460	212,479	-	12,220	-	14,287
	Tar Ferryway	15.22%	12586	Jul 2009	60,000	16,549	-	97,949	-	114,530
	Sewerage	15.26%	12587	Jul 2009	1,189,230	731,868	-	7,629	-	8,920
	Testing Grounds	15.22%	12589	Jul 2009	178,614	100,731	-	337,379	-	394,489
	Camatlon town	13.60%	12592	Jul 2009	139,933	48,301	-	46,435	-	54,296
	Camatlon town	13.60%	12593	Jul 2009	183,039	63,191	-	22,666	-	26,035
Substation	16.99%	12583	Jul 2009	100,000	26,507	-	29,130	-	34,061	
Hillside Capacitators	15.22%	12588	Jul 2009	170,000	46,895	-	12,220	-	14,287	
Camatlon	13.60%	12591	Jul 2009	327,008	178,847	-	21,617	-	25,278	
DBSA TLP LOANS										
TTP Loan - Vehicles	DBSA	5.00%	NC102477		2,000,000	2,347,493	-	1,040,216	-	1,219,287
TTP Loan - High mast lights	DBSA	5.00%	NC102477		1,300,000	177,542	-	148,621	-	2,198,872
TTP Loan - Fencing cemeteries	DBSA	5.00%	NC102477		500,000	75,232	-	75,232	-	1,113,063
TTP Loan - Service even	DBSA	5.00%	NC102477		1,700,000	473,076	1,272,549	13,101	-	1,93,832
VEHICLE LOANS - SIYANDA										
Toyota Hilux - 2.4 BRB499NC	Westbank	12.916%	8802 011	Feb-09	96,461	39,981	-	110,517	-	1,635,108
Toyota Hilux - 2.4 BRB501NC	Westbank	12.921%	8802 029	Feb-09	96,275	39,832	-	347,471	-	5,140,875
Toyota Hilux - 2.4 BRB267NC	Westbank	12.921%	8802 037	Feb-09	95,375	39,538	-	22,840	-	17,079
Toyota 1 ton Dyna	Westbank	12.689%	8802 045	Feb-09	213,099	87,725	-	22,649	-	16,889
TOTAL EXTERNAL LOANS										
					10,388,889	5,464,710	2,490,235	1,506,315	-	6,448,630

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2008

APPENDIX B

EXTERNAL LOANS AND INTERNAL ADVANCES

(continued)

INTERNAL ADVANCES	Interest Rate	Original Loan	Balance at 30-Jun-07	Redemption Written off	Interest	Balance at 30-Jun-08
Oiltransback	10.00%	40,988	0	0	0	0
Prepaid Meters	6.00%	1,000,000	233,049	233,049	0	0
Postnetaburg	4.00%	324,815	33,332	33,332	0	0
Sewerage Network		1,365,803	266,381	266,381	0	0

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

APPENDIX C

ANALYSIS OF FIXED ASSETS

Expenditure 2007		Budget 2007/2008	Balance at 30 Jun-07	Expenditure during year	Transfer or written off	Balance at 30-Jun-08
6,046,420.17	RATES AND GENERAL SERVICES	5,757,129.00	39,143,260.96	3,835,852.25	-	42,979,113.21
3,573,392.16	Community Services	3,134,229.00	27,365,855.49	1,463,323.44	-	28,829,178.93
-	Town Planning	-	13,536,323.63	-	-	13,536,323.63
1,924,816.74	Public Works	163,509.00	4,996,047.23	-	-	4,996,047.23
4,651.74	Management Services	-	129,881.66	-	-	129,881.66
5,878.63	Municipal Manager	-	307,993.07	-	-	307,993.07
528,578.37	Financial Manager	2,054,000.00	1,916,786.80	397,154.86	-	2,313,941.66
2,630.70	Traffic Services	20,000.00	450,286.11	7,620.00	-	457,906.11
-	Library	95,000.00	1,602,396.66	1,910.07	-	1,604,306.73
192,761.96	Municipal Buildings	111,720.00	2,073,618.96	1,032,238.00	-	3,105,856.96
914,074.02	Parks and Recreation	100,000.00	1,366,632.62	9,879.24	-	1,376,511.86
-	Mayoral Office	10,000.00	-	-	-	-
-	Administration	-	23,676.75	-	-	23,676.75
-	Cemetery	500,000.00	-	14,521.27	-	14,521.27
-	Commonage	-	-	-	-	-
-	Pound	10,000.00	-	-	-	-
-	Aerodrome	-	-	-	-	-
-	Caravan Park	15,000.00	-	-	-	-
-	Welgelee Buildings	-	-	-	-	-
-	Swimming Pool	20,000.00	-	-	-	-
-	Swimming Pool Welgelee	-	-	-	-	-
-	Corporate Services	15,000.00	-	-	-	-
-	Radio Link MSP	-	271,860.00	-	-	271,860.00
-	Computer Equipment	-	690,352.00	-	-	690,352.00
-	Workshop	20,000.00	-	-	-	-
-	Subsidised services	30,000.00	75,155.57	-	-	75,155.57
-	Ambulance	-	-0.46	-	-	-0.46
-	Fire Fighting	30,000.00	9,891.00	-	-	9,891.00
-	Health	-	65,265.03	-	-	65,265.03
2,473,028.01	Economic Services	2,592,900.00	11,702,249.90	2,372,528.81	-	14,074,778.71
-	Refuse	-	110,458.00	-	-	110,458.00
-	Sanitation	-	-	-	-	-
2,473,028.01	Sewerage	2,592,900.00	11,591,791.90	2,372,528.81	-	13,964,320.71
409,695.83	HOUSING SERVICES	9,304,309.00	11,909,231.83	4,789.00	-	11,914,020.83
-	Housing	9,304,309.00	-	-	-	-
409,695.83	Econ - Housing	-	11,258,652.83	4,789.00	-	11,263,441.83
-	Sub econ - Housing	-	650,579.00	-	-	650,579.00
5,155,373.82	TRADING SERVICES	2,958,031.00	13,069,498.94	7,387,409.07	-	20,456,908.01
154,866.21	Electricity	1,406,842.00	3,214,960.42	1,351,576.01	-	4,566,536.43
5,000,507.61	Water	1,551,189.00	9,854,538.52	6,035,833.06	-	15,890,371.58
11,611,489.82	TOTAL FIXED ASSTES	18,019,469.00	64,121,991.73	11,228,050.32	-	75,350,042.05
	LOANS REDEEMED AND OTHER CAPITAL RECEIPTS	18,019,469.00	61,652,419.24	7,249,033.00	-	68,901,452.24
	Loans redeemed	1,506,315.00	10,035,048.11	1,772,696.00	-	11,807,744.11
	Grants and Subsidies	16,322,654.00	23,766,449.44	5,476,337.00	-	29,242,786.44
	Contributions from operating income	190,500.00	5,703,503.17	-	-	5,703,503.17
	Contributions from public	-	21,866,414.52	-	-	21,866,414.52
	Contributions from provisions and reserves	-	281,004.00	-	-	281,004.00
		-	2,469,572.49	3,979,017.32	-	6,448,589.81

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

APPENDIX D

ANALYSIS OF OPERATING INCOME AND EXPENDITURE

FOR THE YEAR ENDED JUNE 30 , 2008

ACTUAL 2007	INCOME	ACTUAL 2008	BUDGET 2008
9,649,824.00	Grants and subsidies	16,693,356	11,895,823
9,174,024.00	Central Government	16,138,956	11,895,823
475,800.00	Provincial Government	554,400	-
-	Other	-	-
21,963,092.00	Operating Income	25,204,148	26,277,317
2,992,637	Assessment Rates	3,178,682	3,373,498
10,390,989	Electricity Sales	10,678,410	11,608,971
4,295,213	Water Sales	4,367,555	4,277,000
	Refuse Removal	2,448,781	2,505,282
4,284,253	Wastewater and Sanitation	4,530,721	4,512,566
17,770	Interest on Investments	184,139	1,000
163,305	Fines	174,865	175,000
3,346,329	Other Income	9,231,952	2,641,106
35,140,320	TOTAL INCOME	51,488,461	40,990,246
EXPENDITURE			
14,932,084	Salaries and Wages	17,652,515	17,686,363
20,087,511	General Expenses	23,275,059	20,976,730
5,353,880	Purchase of Electricity	6,114,182	4,900,000
242,513	Purchase of Water	1,067,349	1,150,000
14,491,118	Other general expenses	16,093,528	14,926,730
1,695,089	Repairs and Maintenance	1,843,652	1,871,000
1,679,450	Capital Charges	2,210,573	2,310,340
85,736	Contributions to fixed assets	5,376,445	-
1,726,186	Contributions	2,187,352	2,225,852
40,206,056	GROSS EXPENDITURE	52,545,595	45,070,285
-2,593,809	Less : Amounts Charged Out	-2,775,000	-2,775,000
37,612,247	NET EXPENDITURE	49,770,595	42,295,285

TSANTSABANE MUNICIPALITY
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

APPENDIX E

DETAILED INCOME STATEMENT FOR THE YEAR ENDED JUNE 30 , 2008

	2007			2008		
	Actual Income	Actual Expenditure	Surplus/ (Deficit)	Actual Income	Actual Expenditure	Surplus/ (Deficit)
RATES AND GENERAL SERVICES	20,425,534	25,866,003	-5,440,469	27,468,633	30,513,246	-3,044,613
Community Services	13,360,201	17,626,935	-4,266,734	17,351,831	20,467,535	-3,115,704
Assessment Rates	2,982,637	334,788	2,657,849	3,178,682	290,245	2,888,437
Security	-	562,034	-562,034	-	298,735	-298,735
Public Works	5,130	3,319,467	-3,314,337	2,828	2,761,256	-2,758,428
Mayoral Office	-	-	-	-	437,427	-437,427
Council General	-	5,650	-5,650	-	2,053,948	-2,133,740
Human Resources	-	-	-	-	439,021	-439,021
Administration: Town Secretary	15	1,035,807	-1,035,792	714	535,870	-535,156
Municipal Manager	-	3,002,524	-3,002,524	-	1,199,825	-1,199,825
Financial Department	9,689,803	3,380,434	6,309,369	11,846,051	4,725,532	7,120,519
Traffic Services	451,238	1,052,336	-601,098	949,473	1,792,594	-843,121
Cemetery	23,596	229,751	-206,155	25,858	144,585	-118,727
Library	10,487	797,615	-787,128	358,231	1,147,604	-789,373
Sportfacilities	-	62,026	-62,026	-	74,337	-74,337
Municipal Buildings	143,552	948,476	-804,924	153,768	1,248,789	-1,095,021
Parks and Recreation	-	2,054,595	-2,054,595	784,556	2,292,916	-1,508,360
Commonage	32,381	1,965	30,416	35,733	6,690	29,043
Groenw./Skeif./Jen Haven	-	-	-	-	-	-
Pound	-	-	-	-	-	-
Caravan Park	11,362	9,745	1,617	15,938	10,594	5,344
Workshop	-	829,722	-829,722	-	1,007,567	-1,007,567
Subsidised services	476,143	494,738	-18,595	554,400	569,397	-14,997
Fire Fighting	-	14,003	-14,003	-	5,996	-5,996
Health	476,143	480,735	-4,592	554,400	563,400	-9,000
Economic Services	6,589,190	7,744,330	-1,155,140	9,562,402	9,476,314	86,088
Refuse	2,304,937	2,253,304	51,633	2,448,781	2,780,353	-331,572
Purification	-	973,434	-973,434	-	1,369,592	-1,369,592
Sanitation	-	558,517	-558,517	-	571,024	-571,024
Sewerage	4,284,253	3,959,075	325,178	7,113,621	4,755,345	2,358,276
HOUSING SERVICES	-	31,518	-31,518	6,933,154	3,442,181	3,490,973
Housing	-	31,518	-31,518	6,933,154	3,442,181	3,490,973
TRADING SERVICES	14,714,787	11,714,726	3,000,061	17,086,674	15,815,168	1,271,506
Electricity	10,390,989	7,923,142	2,467,847	10,680,966	8,911,206	1,769,760
Water	4,323,798	3,791,584	532,214	6,405,708	6,903,962	-498,253
TOTAL	35,140,321	37,612,247	-2,471,926	51,488,461	49,770,595	1,717,867
Appropriation for the year	-	-	-575,420	-	-	8,620,056
Net Surplus / (Deficit) for the year	-	-	-3,047,346	-	-	10,337,923
Accumulated Surplus / (Deficit) beginning of the year	-	-	-2,534,630	-	-	-5,581,976
Accumulated Surplus / (deficit) end of the year	-	-	-5,581,976	-	-	4,755,947

TSANTSABANE MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30 , 2008

APPENDIX F

STATISTICAL INFORMATION

	2005/2006	2006/2007	2007/2008
a) General Statistics			
i) <u>Population</u>	64,000	33,595	33,595
ii) <u>Valuation of property taxable</u>	252,262,031	202,929,878	202,929,878
<u>Valuation of property non-taxable</u>	33,606,625	23,087,267	23,087,267
iii) <u>Valuation of residential property</u>	180,297,660	135,278,426	135,278,426
iv) <u>Valuation of commercial,aggricultural & other properties</u>	105,570,996	67,651,452	67,651,452
v) <u>Number of residential properties</u>	5,945	3,930	3,930
vi) <u>Number of commercial,aggricultural & other properties</u>	1,139	856	856
vii) <u>Residential assesment rates (cent in Rand)</u>	0.0200c/R	0.0190c/R	0.0201c/R
viii) <u>Non-residential assesment rates (cent in Rand)</u>	0.0225c/R	0.0213c/R	0.0226c/R
b) Electrical Statistics			
i) <u>Number of users</u>	814	1,069	1,069
ii) <u>Number of units bought</u>	30,702,073	25,691,800	25,044,240
iii) <u>Number of units sold (Conventional meters)</u>	17,352,594	12,803,710	11,794,750
iv) <u>Number of units sold (Pre-paid meters)</u>	8,193,714	6,877,416	7,205,591
v) <u>Total number of units sold</u>	25,546,308	19,681,126	19,000,341
vi) <u>Number of units lost during distribution</u>	5,155,765	6,010,674	6,043,899
vii) <u>Percentage loss during distribution</u>	16.79%	23.39%	24.13%
viii) <u>Costprice of units bought</u>	0.184	0.201	0.247
ix) <u>Cost per unit sold</u>	0.318	0.534	0.322
x) <u>Income per unit sold</u>	0.467	0.333	0.562
c) Water Statistics			
i) <u>Total number of users</u>	7,905	6,024	6,052
ii) <u>Number of units bought Postmasburg</u>	borehole	100,910	360,000
iii) <u>Number of units sold Postmasburg</u>	1,200,169	1,277,451	1,225,534